

PROVINCE OF SASKATCHEWAN



2007

ANNUAL REPORT

MILK CONTROL BOARD

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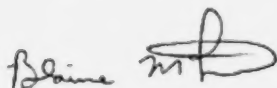
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Letter of Transmittal

The Honourable Brad Wall
President of the Executive Council
Province of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Milk Control Board
for the year 2007.

A handwritten signature in black ink, appearing to read "Blaine McLeod", with a stylized flourish at the end.

Blaine McLeod
Chairman

Board Members

The Board is comprised of six members appointed by the Lieutenant Governor-in-Council.

Members are:

Chairperson

Mr. Leonard Blocka, Prince Albert

Members

Dr. David Christensen, Saskatoon
Ms. Joanne Mortenson, Saskatoon
Mr. Garf Stevenson, Regina
Mr. David Finlay, Delisle
Mr. Joe Guenther, Osler

Mandate and Mission

The Milk Control Board is a body corporate and exercises its responsibilities as set out in *The Milk Control Act, 1992*. The Board plays a central role in the formation and implementation of Saskatchewan dairy policy. The *Act* empowers the Board to make regulations or orders in relation to the production, supply, pricing or sale of milk and to inquire into or conduct hearings pertaining to any of the foregoing. The *Act* also allows the Board to enter into contracts and other agreements that the Board considers appropriate to carry out its responsibilities.

To reflect the Board's industry-wide mandate, Members are drawn from production, processing and consumption sectors.

The Board's mission is: to work in collaboration with producers, processors, and various government agencies to develop and implement policies and programs which provide producers with the opportunity to obtain a fair return on their labour and investment, while providing consumers with an adequate supply of high quality dairy products at reasonable prices.

The Board strives to accomplish its mission by balancing, and serving the interests of all dairy stakeholders – producers, processors, consumers and government.

Introduction

Major milk producing countries, including Canada, were pleasantly surprised by the sudden and unexpected surge in world demand for milk and milk products during 2007. Driven by consumption increases in large developing countries like India, Brazil and China, world inventories of milk and milk products were reduced to new lows.

Although Canada's supply management system for fluid and industrial milk is structured to supply the domestic market, Saskatchewan and other provincial producers/processors are benefiting from the upsurge in world dairy prices. The WTO ruling placed quantitative restrictions on dairy exports. However, the value of these limited exports has improved dramatically since their prices are tied to world prices.

In addition, Special Class prices have risen to new highs because of world price increases for products such as skim milk and whey powder which are priced in line with world prices. These products, once considered surplus to the Canadian food processing market, are now in high demand; thereby improving the overall blend price received by producers for milk used in various processing classes.

The Canadian consumer has been protected from high world prices by virtue of cost of production pricing for milk and milk products marketed domestically. While consumers in countries such as the United States are experiencing significant price increases at the retail level, the Canadian supply management system for milk provides for stable pricing to consumers while striving to generate reasonable returns to producers based on their costs of production.

Coinciding with the upswing in world milk demand was a sharp increase in Canadian consumer demand for milk and milk products. The dairy industry is benefiting greatly from the improved consumer attitude toward the nutritional value of milk and its many products. Moreover, processors and retailers are responding to the favorable consumer trend by becoming more innovative in product development and more aggressive in promoting dairy products.

In response to the surge in world and domestic demand, Canadian and Saskatchewan producers were challenged to substantially increase production by 4.09% to meet production requirements as a result of five quota increases during the year.

Milk Production and Utilization

There are two marketing structures for milk in Canada. Federal Government authority to regulate the marketing of fluid milk is delegated to the provinces. The Canadian Dairy Commission, a federal crown corporation, collaborates with the provinces in the administration of the supply management system for industrial milk.

Each province in Canada regulates the production and manufacturing of milk within its own borders and sets pricing procedure, quota policies and other regulations. Marketing activities related to industrial milk, which was manufactured into products that were shipped across provincial boundaries, were carried out according to the terms and conditions of a federal-provincial agreement, the National Milk Marketing Plan.

The year under review saw an increase in milk marketed by Saskatchewan milk producers. Producers shipped 221,427,834 litres of milk to the milk pool in 2007. This represented an increase of approximately 6.8 million litres, or a 3.18 percent increase from the previous year (Table II). Producers received a total value of \$159,041,860 in 2007, which represented an 8.45 percent increase from 2006.

The average number of milk producers decreased 5.44 percent from 248 in 2006, to 235 in 2007. The average daily shipment per producer increased from 2,371 to 2,587 litres per day, an increase of 9.12 percent (Table II). Class 1 milk, or milk processed for Saskatchewan fluid consumption, amounted to 85,828,163 litres of milk in 2007.

The Canadian dairy industry operates on butterfat quotas, and on a "dairy year" basis, which runs from August 1 to July 31 of the following year. In Saskatchewan, producers shipped a total of 8,145,068 kilograms of butterfat during the 2006-2007 dairy year (Table III), representing a utilization of approximately 98.59 percent of the provincial yearly quota allotment. The average butterfat test on all milk was 3.76 percent per hectolitre, a decrease from the 3.77 percent average from the previous year (Table V).

Producer Pools

The Saskatchewan fluid milk pool successfully completed its thirty-second year of operation.

The Board maintained a single milk pool system for both fluid and industrial milk. Under pooling, the Board has the responsibility for purchasing all milk from registered milk producers and selling it to the processor. Each producer was allocated a quota based on Saskatchewan's quota policy and designed to meet the province's quota needs.

Multiple Component Pricing (MCP) was implemented in Saskatchewan on August 1, 1999. This decision was in keeping with commitments made by Saskatchewan when the Western Milk Pool Agreement was signed in 1997. Under MCP producers receive the true value of the total solids in the milk they supply and processors pay according to the components they receive. For example, more protein in the milk enables processors to obtain a higher cheese yield and therefore price the milk accordingly.

Overall, MCP provides a mechanism for the dairy industry to be more market responsive as the demand for various components continues to evolve in the future.

In 2007, the price of Class 1 milk increased \$1.96 per hectolitre in August and by \$0.98 per hectolitre in January, February, April, May and November. The price adjustments were triggered by the Alberta pricing formula, the pricing mechanism agreed to by three provinces participating in the Western Milk Pool.

At the Federal level, the Industrial Target Return Formula price (Classes 2 to 5) was increased on one occasion, February 1, 2007. As of this date, the support price for skim milk powder increased from \$5.8337 to \$5.9212 per kilogram.

In August, 1995, dairy stakeholders implemented Special Class milk pricing and pooling. This has been designed to better accommodate the dairy industry and the World Trade Organization. This allowed dairy processors and other food processors to remain competitive on domestic and global markets.

This pooling system is administered by the Canadian Dairy Commission and provides milk to food manufacturing processors and exporters at competitive prices. Returns for the milk sold as Special Class milk are pooled among all dairy producers in the ten provinces, which are signatories to the National Milk Marketing Plan.

Under the second pooling arrangement, known at the Western Milk Pool, the revenue from all milk sales (fluid and industrial) is pooled among the producers of British Columbia, Alberta, Saskatchewan and Manitoba. The agreement generates new opportunities, new challenges, and greater flexibility for processors in the four western provinces. It ensures producers a more predictable and stable environment and allows processors to rationalize their plants to improve efficiency and competitiveness.

During 2001, the Western Milk Pool Coordinating Committee took steps to further improve the operations of the Agreement by harmonizing Class 2 – 4 prices across the region. This measure, taken to further level the competitive playing field, came into effect on February 1, 2002.

Marketing and Transportation

At year-end, the Board marketed milk to only one Saskatchewan processing plant operated by Saputo Inc. at Saskatoon.

Agrifoods International Cooperative Ltd. continued to serve as agent of the Board for the transportation of all milk produced in the province. This organization continued to improve raw milk pick up to increase efficiency. The average basic rate decreased during 2007 (Table I).

In 2007, the cost to transport the 221,427,833 litres of milk marketed amounted to \$4,385,723.83, or an average of \$1.98 per hectolitre, compared to \$2.02 per hectolitre the year previous. The transportation cost comparison is presented in Table I.

Table I (unaudited)

Transportation Volumes and Rates 2003 – 2007

<u>Year</u>	<u>Volume Transported (litres)</u>	<u>Average Rate \$/Per Hectolitre</u>
2007	221,427,833	1.98
2006	214,611,633	2.02
2005	217,263,872	2.03
2004	218,643,243	2.19
2003	207,832,521	2.28

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

Milk Control Board Activities

Milk Board members strive to accommodate the interests of producers, processors and consumers as well as other industry stakeholders.

The Board held seven meetings during the year as well as five conference call meetings. Board members also spent numerous days attending various committee meetings, as well as maintaining contact with milk producers and industry organizations.

In an effort to effectively continue communications with milk producers, the Board held ten district meetings throughout 2007. These meetings provided producers with information on current issues regarding quota policies, Western Milk Pooling, Multiple Component Pricing, and other issues the dairy industry should consider. The information obtained from these meetings assisted the Board in developing the appropriate policies and procedures for Saskatchewan's dairy industry.

A blizzard combined with severe cold temperatures in early January forced the suspension of milk pick up and delivery in central Saskatchewan for a number of days. The Board acknowledges and appreciates the cooperation from all producers in the province, Dairy Farmers of Saskatchewan, Inc., Agrifoods International Cooperative Ltd., transporters, and Saputo Inc. who diligently worked together until resumption of regular milk pick-up schedules was established.

The implications of this unfortunate weather event prompted the Board to spearhead meetings with dairy industry stakeholders at the national, provincial and urban municipal levels. The objective of these ongoing discussions is to develop a communication/operational plan for the dairy industry in Saskatchewan within the larger framework of a pandemic planning strategy.

Board members and other industry representatives attended four meetings of the Canadian Milk Supply Management Committee. In 2007, discussions were initiated in an effort to harmonize various provincial policies. These discussions led to the formation of the Montebello Group. The Montebello Group met three times during the year and is expected to continue meetings into 2008.

The Western Milk Pool Coordinating Committee met four times in 2007. Strong progress was made in an effort to harmonize Class 1 milk prices after close to three years of negotiations with processors. It is also worth noting that Western Milk Pool provinces also experienced strong utilization of Class 1 milk in Western Canada.

Over the past year, communications with producers have received a high priority to address the broad range of changes regarding producers. It has been especially important to keep producers abreast of developments and to respond to inquiries as the industry adjusts to new quotas, pricing and World Trade Organization rulings. The Saskatchewan Milk Control Board monthly newsletter is a publication that strives to provide information in a timely and concise manner. It serves to keep stakeholders informed of developments pertaining to marketing and other issues. Feedback indicates that this has been effective in improving the communication link between the Board and producers.

In addition to the monthly newsletter and special mail-outs, the Board operates a website that serves as a means of further strengthening communications with the industry's many stakeholders. The website also provides producers with individual quota management information and butterfat test results.

During the year, the Board updated its strategic plan to add discipline to its operational performance. As part of its governance review, the Board members continued to assess the effectiveness of their performance throughout the year.

At year-end, there were ten people on the Board's permanent staff. The Board would like to thank the staff for their continued dedication and support over the past year.

Legislation

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Federal Government has jurisdiction over the industrial milk pricing, administered through a federal-provincial agreement known as the National Milk Marketing Plan and the Comprehensive Agreement on Pooling of Milk Revenues.

Organizational Changes

During 2007, the Milk Control Board continued to work on challenges associated with the operations of the Provincial Dairy Lab and the administration of milk quality regulations as a result of the transfer of these functions from Saskatchewan Agriculture in April 2006. The Board is hopeful that these challenges can be fully addressed in 2008.

Board Finances

Financing of the operation of the Board was derived from assessment fees levied on producers and processors, processor license fees, quality penalties and interest in investments.

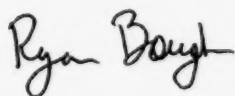
Management Report 2007

The management of the Milk Control Board of Saskatchewan is responsible for the reliability and integrity of the accompanying financial statements and all other information in this Annual Report. It is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

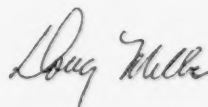
The Board of Directors is responsible for overseeing the business affairs of the Milk Control Board, including management's financial reporting responsibilities and for reviewing and approving the financial statements and other financial information included in this Annual Report. The Board meets with management and the Provincial Auditor to discuss matters related to financial processes, systems of control and compliance with governing authorities.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived there from.

The financial statements have been audited by the Provincial Auditor Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on the following page.



Ryan Boughen
Chief Executive Officer
Regina, Saskatchewan
February 15, 2008 except for Note 9
which is as of October 29, 2009



Doug Miller
Administrative Officer

MILK CONTROL BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2007



SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Milk Control Board as at December 31, 2007 and the statements of operations, change in net financial assets and cash flow for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Milk Control Board as at December 31, 2007 and the results of its operations, the change in net financial assets and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 15, 2008 except for Note 9
which is as of October 29, 2009

Fred Wendel, CMA, CA
Provincial Auditor

**MILK CONTROL BOARD
STATEMENT OF FINANCIAL POSITION
As at December 31**

	<u>2007</u>	<u>2006</u> (Note 9)
FINANCIAL ASSETS		
Cash	\$ 2,045,963	\$ 1,743,548
Accounts receivable (Note 9)	<u>9,747,533</u>	<u>7,654,452</u>
	<u>11,793,496</u>	<u>9,398,000</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$11,111,637	\$ 9,125,117
Net financial assets (Statement 3)	681,859	272,883
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	<u>383,433</u>	<u>430,775</u>
Accumulated surplus (Statement 2)	<u>\$ 1,065,292</u>	<u>\$ 703,658</u>

(See accompanying notes to the financial statements)

**MILK CONTROL BOARD
STATEMENT OF OPERATIONS
Year Ended December 31**

	Budget 2007 (Note 6)	Actual 2007	Actual 2006 (Note 9)
Revenue:			
Milk sold to processors	\$ 152,388,012	\$ 158,179,883	\$ 150,616,807
Milk Pools (Note 4)	(4,500,000)	861,977	(3,962,846)
Milk Pool administration and assessment fees	929,667	954,777	768,713
Interest	153,600	181,590	135,170
Milk quality penalties	145,000	196,692	209,105
Licence fees and miscellaneous	<u>47,451</u>	<u>49,174</u>	<u>57,570</u>
	<u>149,163,730</u>	<u>160,424,093</u>	<u>147,824,519</u>
Expenses:			
Milk purchased from producers	147,888,012	159,041,860	146,653,961
Salaries	674,672	416,753	377,436
Milk pool administration expense	0	41,072	51,792
Disposal of unsaleable milk	109,000	153,245	146,462
Travel, sustenance and vehicle expense	115,375	118,843	115,568
Rent	48,580	48,066	48,899
Legal	30,000	26,681	7,153
Employee benefits	111,000	62,349	50,929
Honoraria	35,297	38,191	33,262
Administrative expense	29,740	63,694	53,526
Cost of production study	17,000	3,744	9,487
Amortization	52,079	47,961	26,695
Lab supplies and miscellaneous	<u>47,961</u>	<u>0</u>	<u>0</u>
	<u>149,158,716</u>	<u>160,062,459</u>	<u>147,575,170</u>
Surplus for the year	<u>\$ 5,014</u>	361,634	249,349
Accumulated surplus, beginning of year as previously reported		529,399	454,309
Correction of error (Note 9)		<u>174,259</u>	<u>0</u>
Accumulated surplus, beginning of year, as restated		<u>703,658</u>	<u>454,309</u>
Accumulated surplus, end of year - to Statement 1		<u>\$ 1,065,292</u>	<u>\$ 703,658</u>

(See accompanying notes to the financial statements)

Statement 3

MILK CONTROL BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31

	Budget 2007 (Note 6)	Actual 2007	Actual 2006 (Note 9)
Surplus for the year	\$ 5,014	\$ 361,634	\$ 249,349
Acquisition of tangible capital assets	0	(619)	(251,949)
Amortization of tangible capital assets	<u>52,079</u>	<u>47,961</u>	<u>26,695</u>
Increase in net financial assets	57,093	408,976	24,095
Net financial assets, beginning of year	<u>272,883</u>	<u>272,883</u>	<u>248,788</u>
Net financial assets, end of year	<u>\$ 329,976</u>	<u>\$ 681,859</u>	<u>\$ 272,883</u>

(See accompanying notes to the financial statements)

Statement 4

**MILK CONTROL BOARD
STATEMENT OF CASH FLOW
Year Ended December 31**

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities:		
Cash receipts from processors, interest and fees	\$158,331,012	\$149,228,609
Cash paid to producers, employees and board members	<u>(158,027,978)</u>	<u>(149,157,579)</u>
Cash flows from operating activities	303,034	71,030
Cash Flow From Capital Transactions:		
Purchase of tangible capital assets	<u>(619)</u>	<u>(251,949)</u>
Net increase (decrease) in cash during the year	302,415	(180,919)
Cash position, beginning of year	<u>1,743,548</u>	<u>1,924,467</u>
Cash position, end of year	<u>\$ 2,045,963</u>	<u>\$ 1,743,548</u>

(See accompanying notes to the financial statements)

**MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007**

1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are as follows:

a) Revenue Recognition

Revenue from milk sold to processors is recognized when milk is delivered to processors.

b) Tangible Capital Assets

Office furniture, office equipment, and the Milk Payment System (MPS) are recorded at cost less accumulated amortization.

Office furniture and office equipment are amortized over their estimated useful life using the straight-line method at 10% - 33% per annum. The MPS is amortized over its estimated useful life using the straight-line method at 10% per annum.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution and sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

3. Tangible Capital Assets

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Office furniture and equipment	\$31,202	\$27,843	\$3,359	\$5,986
Milk Payment System	\$447,146	\$67,072	\$380,074	\$424,789
Total	\$478,348	\$94,915	\$383,433	\$430,775

4. Milk Pools

Effective August 1, 1995 (and continued August 1, 2003), the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). As of September 2006, Newfoundland and Labrador have signed on. This arrangement provides for pooling of revenues from sales of milk components in industrial and special classes of milk sold in domestic and external markets. CDC administers the Industrial and Special Class Pool.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of all revenues from sales of Fluid Milk and Industrial Milk, including special classes, by producers to processors in the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. CDC administers the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool. The Board received contributions of \$0.86 million in 2007 and made contributions of \$4.0 million in 2006 to the milk pools.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties for phone, office supplies and employee benefits are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	<u>2007</u>	<u>2006</u> (Note 9)
Expenses	\$ 62,897	\$ 50,133
Revenue	95,412	100,000
Accounts Receivable	391,879	174,259

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them and the terms of settlement are described separately in these financial statements and the notes thereto.

6. Budget

The budget for the 2007 year was approved by the Board on March 13, 2007.

7. Financial Instruments

a) Fair Value

The Board's financial instruments include accounts receivable and accounts payable and accrued liabilities. These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

b) Concentration of Credit Risk

The Board is subject to credit risk as all of the Board's milk sales are to one processor.

8. Comparative Information

In 2007, the Board changed its accounting policy from the Canadian generally accepted accounting principles for non-profit organizations to accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The prior year presentation has been restated to conform to the current year change in accounting policy.

9. Provincial Dairy Lab and Prior Period Adjustment

In the April 6, 2006 provincial budget, the Government of Saskatchewan directed the transfer of the Provincial Dairy Lab (Lab) and the responsibility for enforcing dairy regulations under *The Animal Products Act* to the Board, including 4 staff and approximately \$135,000 in assets. The Board obtained a legal opinion in 2007, which stated that it does not have the authority under its existing legislation to operate the Lab nor enforce the regulations. The legal opinion that the Board obtained was substantiated by independent legal counsel in 2008. As of December 31, 2007, the legal concerns were not resolved. The Board continues to administer the Lab on the Ministry's behalf in good faith until the legal concerns are resolved.

In December 2006, the Board increased its levies charged to the producers and processors by \$0.04/hecoliter to finance the Lab's operating costs. To December 31, 2007, these additional levies total \$191,808 and the net operating costs of the Lab for activities carried out on behalf of the Ministry are \$391,879.

At March 2009, the Ministry agreed to pay for the Lab's operating costs relating to activities carried out on behalf of the Ministry. Also, the Board and the Ministry agreed that additional levies would be refunded to the industry at some future date. As the date and terms of repayment are unknown, the Board has not recorded this amount as a payable at year end. At December 31, 2007, accounts receivable includes \$391,879 related to Lab operating costs recoverable from the Ministry.

The Board has retroactively restated its 2006 comparative figures to account for Lab operating costs that it will recover from the Ministry and remove the Lab's activities carried out on behalf of the Ministry from its statement of operations. The results of this restatement is to decrease 2006 total revenue by \$50,000 and expenses by \$224,259 and increase surplus for the year, accounts receivable, net financial assets, and accumulated surplus by \$174,259.

Table II (unaudited)**Total Whole Milk Requirements, Total Production, Number of Producers and Daily Average Production per Producer - 2006 & 2007 (litres)**

<u>Month</u>	<u>Year</u>	<u>Whole Milk Requirements</u>	<u>Total Production</u>	<u>Number of Producers</u>	<u>Daily Average Per Producer</u>
January	2006	7,105,266	19,321,456	257	2,425
	2007	7,438,322	18,730,841	242	2,497
February	2006	6,333,987	17,592,856	256	2,454
	2007	6,563,348	17,097,310	241	2,534
March	2006	7,212,616	19,258,924	254	2,446
	2007	7,491,133	18,927,222	240	2,544
April	2006	6,549,700	18,009,826	253	2,373
	2007	7,227,452	18,287,886	238	2,561
May	2006	7,057,574	18,060,385	247	2,359
	2007	7,260,784	18,974,440	237	2,583
June	2006	6,937,045	17,156,336	247	2,315
	2007	6,688,293	18,544,723	237	2,608
July	2006	6,945,979	17,285,020	247	2,257
	2007	6,321,296	18,669,956	234	2,574
August	2006	7,796,537	17,517,489	243	2,325
	2007	7,285,452	18,390,175	230	2,579
September	2006	6,672,265	16,938,788	244	2,314
	2007	7,088,750	17,525,670	230	2,540
October	2006	7,800,022	17,624,369	244	2,330
	2007	7,541,569	18,363,117	229	2,587
November	2006	7,382,960	17,365,840	242	2,392
	2007	7,314,628	18,272,178	228	2,671
December	2006	7,686,078	18,480,344	242	2,463
	2007	7,607,137	19,644,316	228	2,779
TOTALS	2006	86,480,029	214,611,633	248	2,371
	2007	85,828,163	221,427,834	235	2,587
% Change		-0.75%	3.18%	-5.44%	9.12%

Table III (unaudited)**Total Kilograms of Butterfat Shipped in Saskatchewan by Month and Dairy Year**

<u>Month</u>	<u>2002/2003</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>
August	628,414	618,332	682,384	672,106	640,810
September	606,639	624,484	655,806	646,754	636,500
October	645,898	655,501	686,414	682,394	678,800
November	629,994	649,967	666,103	664,009	676,423
December	659,432	674,951	697,978	717,299	706,748
January	667,091	684,064	706,230	737,050	708,536
February	600,544	645,190	636,937	668,413	644,603
March	665,213	697,791	704,756	739,566	714,926
April	630,799	681,723	674,493	681,423	685,381
May	644,986	697,966	705,291	673,844	700,518
June	627,632	665,504	670,658	633,742	673,607
July	637,531	673,567	679,104	628,452	678,216
Total	7,644,173	7,969,038	8,166,154	8,145,051	8,145,068

Butterfat reported is based on total butterfat shipped by Saskatchewan producers.

Table IV (unaudited)**Total Sales of Milk & Cream in Litres by Size of Container**
January 1, 2007 – December 31, 2007

<u>Size of Containers</u>	<u>Year</u>	<u>Fluid *</u> <u>Products</u>	<u>% of</u> <u>Total</u>	<u>Cream *</u> <u>Products</u>	<u>% of</u> <u>Total</u>	<u>Total *</u> <u>Products</u>	<u>Total %</u>
20 litre	2006	525,240	0.66	0	0.00	525,240	0.62
	2007	497,140	0.63	0	0.00	497,140	0.59
10 litre	2006	44,630	0.06	1,078,150	25.30	1,122,780	1.33
	2007	61,580	0.08	1,404,120	29.17	1,465,700	1.75
4 litre	2006	55,317,908	69.11	0	0.00	55,317,908	65.62
	2007	56,108,880	71.02	0	0.00	56,108,880	66.94
2 litre	2006	17,465,100	21.82	0	0.00	17,465,100	20.72
	2007	15,574,694	19.71	0	0.00	15,574,694	18.58
1 litre	2006	4,576,806	5.72	1,387,329	32.55	5,964,135	7.07
	2007	4,509,919	5.71	1,574,730	32.71	6,084,649	7.26
500 ml	2006	1,004,278	1.25	1,356,392	31.83	2,360,670	2.80
	2007	1,024,539	1.30	1,413,322	29.36	2,437,861	2.91
250 ml	2006	1,096,359	1.37	171,453	4.02	1,267,812	1.50
	2007	1,146,845	1.45	167,066	3.47	1,313,911	1.57
200 ml	2006	8,390	0.01	0	0.00	8,390	0.01
	2007	75,204	0.10	0	0.00	75,204	0.09
Creamettes	2006	971	0.00	268,442	6.30	269,413	0.32
	2007	4,708	0.01	254,822	5.29	259,530	0.31
Totals	2006	80,039,682	100.00	4,261,766	100.00	84,301,448	100.00
	2007	79,003,509	100.00	4,814,060	100.00	83,817,569	100.00

* Consolidated sales from processors to the Saskatchewan market.

Table V (unaudited)**Provincial Average Tests for Butterfat, Protein & Other Solids tests
by Month - 2006 & 2007**

<u>Month</u>	<u>Year</u>	<u>Butterfat</u>	<u>Protein</u>	<u>Other Solids</u>
January	2006	3.8147	3.3529	5.6831
	2007	3.7877	3.3631	5.5892
February	2006	3.8038	3.3549	5.7101
	2007	3.7755	3.3432	5.7123
March	2006	4.0110	3.5360	5.7920
	2007	3.7824	3.3246	5.6941
April	2006	3.7957	3.2930	5.6955
	2007	3.7477	3.3021	5.7068
May	2006	3.7360	3.2482	5.6929
	2007	3.6956	3.2647	5.7090
June	2006	3.6939	3.2188	5.6723
	2007	3.6356	3.2440	5.6845
July	2006	3.6401	3.1734	5.6699
	2007	3.6373	3.1885	5.6789
August	2006	3.6621	3.2477	5.6604
	2007	3.6304	3.2235	5.6858
September	2006	3.7676	3.3273	5.6807
	2007	3.7974	3.3460	5.6471
October	2006	3.8560	3.4231	5.6534
	2007	3.9160	3.4257	5.6494
November	2006	3.8951	3.4449	5.6574
	2007	3.8951	3.4154	5.6732
December	2006	3.8246	3.3972	5.6900
	2007	3.8824	3.3907	5.6694
Weighted Ave. Tests	2006	3.7787	3.3194	5.6822
	2007	3.7664	3.3201	5.6833
% Change		-0.33	0.02	-0.02

